

District I
1625 N. Preset Fire, Hobby, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S 9. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE
Single Well
Establish Pre-Approved Pools
EXISTING WELLBORE
X Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

Burnett Oil Co., Inc. Burnett Plaza Suite 1500, 801 Cherry St, Unit #9, Fort Worth, Texas 76102-6881

Operator Address
Gissler A 17 Unit K Sec 14, T17S, R30E Eddy
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 003080 Property Code 002388 API No. 30-015-32447 Lease Type: X Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Grayburg Jackson (GWS) San Andres		Loco Hills Paddock
Pool Code	28509		96718
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3516' to 4299'		4586' to 4781'
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	35.8 Degrees API		37.0 Degrees API
Producing, Shut-In Or New Zone	Producing		Producing
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: 5-25-06 Rates: 63 BOPD, 128 MCFPD, 271 BWPD	Date: Rates:	Date: 8-26-05 Rates: 25 BOPD, 43 MCFPD, 59 BWPD
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or, production, supporting data or explanation will be required.)	Oil Gas 72% Oil, 75% Gas, 82% Wtr	Oil Gas	Oil Gas 28% Oil, 25% Gas, 18% Wtr

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes X No
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No
Are all produced fluids from all commingled zones compatible with each other? Yes X No
Will commingling decrease the value of production? Yes No X
If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes X No

NMOCD Reference Case No. applicable to this well: DHC-3480 7/01/2005

Attachments:

C-102 for each zone to be commingled showing its spacing unit and acreage dedication. Production curve for each zone for at least one year. (If not available, attach explanation.) For zones with no production history, estimated production rates and support

Notification list of working, royalty and overriding royalty interests for uncommon interest cases. Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

List of other orders approving downhole commingling within the proposed Pre-Approved Pools
List of all operators within the proposed Pre-Approved Pools

Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Sterling Randolph TITLE Petroleum Engineer DATE 6/7/2006
TYPE OR PRINT NAME Sterling Randolph TELEPHONE NO. (817) 332-5108
E-MAIL ADDRESS randolph@burnettoil.com

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires July 31, 1996

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator
BURNETT OIL CO., INC.

3a. Address 801 CHERRY STREET, SUITE 1500
UNIT #9 FORT WORTH, TX 76102-6881

3b. Phone No. (include area code)
817 (817) 332-5108

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

UNIT K, 1800' FSL, 2310' FWL, SEC 14, T17S, R30E

5. Lease Serial No.

NMLC029338A

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

GISSLER A #17

9. API Well No.

30-015-32447

10. Field and Pool, or Exploratory Area

LOCO HILLS PADDOCK

11. County or Parish, State

Eddy County, N.M.

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input checked="" type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input checked="" type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Downhole</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>commingle</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	<u>complete</u>

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Testing work on the San Andres zone was completed on 5/23/2006 and bridge plug was pulled on 5/24/2006. Downhole commingled production from the San Andres zone and Loco Hills Paddock zone began on 5/25/2006. The percentage allocation for production has been determined to be 72% oil, 75% gas, 82% wtr for San Andres zone and 28% oil, 25% gas and 18% wtr for LHP zone. All production is piped to the existing Gissler A2 tank battery in Unit J, Sec. 14, T17S, R30E.

IT IS UNDERSTOOD THE FEDERAL MMS REPORTING WILL CARRY THE LHP COMPLETION AS C1 AND THE SAN ANDRES COMPLETION AS C2.

A copy of the NMOCD Downhole Commingling application (C107A) and letter are attached for your record.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Title

Signature

STERLING RANDOLPH

PETROLEUM ENGINEER

Date

6/6/2006

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-104
Revised June 10, 2003

Submit to Appropriate District Office
5 Copies

☐ AMENDED REPORT

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

¹ Operator Name and Address Burnett Oil Co., Inc. 801 Cherry Street, Suite 1500- Unit #9 Fort Worth Tx 76102-6881		² OGRID Number 003080
		³ Reason for Filing Code/ Effective Date DHC-3543 COMP
⁴ API Number 30 - 0 15-32447	⁵ Pool Name LOWER SAN ANDRES/LH PADDOCK D/H COMMINGLE	⁶ Pool Code 28509/96718
⁷ Property Code 002388 002388	⁸ Property Name Gissler A	⁹ Well Number 17

II. ¹⁰ Surface Location

Ul or lot no. K	Section 14	Township 17S	Range 30E	Lot.Idn	Feet from the 1800'	North/South Line South	Feet from the 2310'	East/West line West	County Eddy
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¹¹ Bottom Hole Location

UL or lot no. SAME AS SURFACE	Section SURFACE	Township SURFACE	Range SURFACE	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Lse Code F	¹³ Producing Method Code P	¹⁴ Gas Connection Date 5/25/2006	¹⁵ C-129 Permit Number	¹⁶ C-129 Effective Date	¹⁷ C-129 Expiration Date				

III. Oil and Gas Transporters

¹⁸ Transporter OGRID	¹⁹ Transporter Name and Address	²⁰ POD	²¹ O/G	²² POD ULSTR Location and Description
'015694	Navajo Refining Co. P. O. Box 159 Artesia, NM 88211-0159	2818691	O	UNIT J SEC 14, T17S,R30E GISSLER A2 TANK BATTERY
'221115	Frontier Field Svc.Conoco, Inc 4200 East Skelly Drive, Suite 700 Tulsa, OK 74135	2818692	G	UNIT J SEC 14, T17S,R30E GISSLER A2 TANK BATTERY

IV. Produced Water

²³ POD 2818693	²⁴ POD ULSTR Location and Description UNIT J SEC 14, T17S,R30E GISSLER A2 LEASE WATER
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V. Well Completion Data

²⁵ Spud Date 9/1/2005	²⁶ Ready Date LHP/LSA 5/25/2006	²⁷ TD 5009'	²⁸ PBTD	²⁹ Perforations 3516' - 4299' LSA 4586'-4781' LHP	³⁰ DHC, MC
³¹ Hole Size 12 1/4"	³² Casing & Tubing Size 8 5/8"	³³ Depth Set 494' IN PLACE	³⁴ Sacks Cement 655 SKS		
7 7/8"	5 1/2"	5005' IN PLACE	2000 sks		
	2 7/8"	4799'			

VI. Well Test Data

³⁵ Date New Oil 5/25/2006 DHC	³⁶ Gas Delivery Date 5/31/2006 DHC	³⁷ Test Date 5/31/2006 DHC	³⁸ Test Length 24 hours	³⁹ Tbg. Pressure	⁴⁰ Csg. Pressure
⁴¹ Choke Size	⁴² Oil 88	⁴³ Water 330	⁴⁴ Gas 171	⁴⁵ AOF	⁴⁶ Test Method Pumping
⁴⁷ I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief. Signature: <i>Sterling Randolph</i>			OIL CONSERVATION DIVISION		
Printed name: STERLING RANDOLPH			Approved by:		
Title: PETROLEUM ENGINEER			Title:		
E-mail Address:			Approval Date:		
Date: 6/6/2006	Phone: (817) 332-5108				

DATE IN 6/9/06	SUSPENSE	WILL JONES ENGINEER	LOGGED IN 6/9/06	TYPE DHC 3724	APP NO. pTDS0616055969
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
 [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] #
 [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
 [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
 [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
 [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**
- [A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR
- [2] **NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply**
- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☐ Offset Operators, Leaseholders or Surface Owner
- [C] ☐ Application is One Which Requires Published Legal Notice
- [D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] ☐ Waivers are Attached
- [3] **INFORMATION / DATA SUBMITTED IS COMPLETE - Certification**

2006 JUN 9 AM 11 50

I hereby certify that I, or personnel under my supervision, have reviewed the applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common.
I understand that any omission of data (including API numbers, pool codes, etc.), pertinent information and any required notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

STERLING RANDOLPH
 Print or Type Name

Signature

PETROLEUM ENGINEER
 Title

Date

e-mail Address

6666

June 7, 2006

New Mexico Oil Conservation Division
1220 South St Francis Drive
Santa Fe, New Mexico 87505
Attn: Mr. Mark E. Fesmire

Re: DHC for Non-unitized Grayburg Jackson San Andres and Loco Hills Paddock
Gissler A #17, Unit K, 1800' FSL, 2310' FWL
SEC.14, T17S, R30E- Eddy County, New Mexico

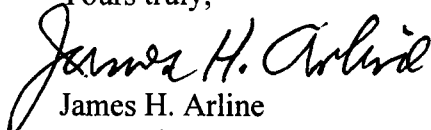
Dear Mr. Fesmire:

Attached is our completed application (C107A) to down hole commingle (Exception to Rule 303A) the reference intervals in this well bore. This well is now producing from the commingled San Andres and the Loco Hills Paddock zones. This well was tested as shown on our original filing dated September 9, 2005. The testing was done from March 2006 thru third week of May 2006. The retrievable bridge plug above the Paddock perforations was removed on 5/24/2006 and commingled production began on 5/25/2006 in this well bore from the Lower San Andres zone (3516' - 4299') and the Loco Hills Paddock.(4586' - 4781') The percentages shown on the C107A are being used for this part of the May 2006 C115 filing.

A copy of this application and the subsequent 3160-5 is being sent to the Bureau of Land Management and interest owners. A new C104 is being sent to NMOCD in Artesia, N.M.

Please contact our Mr. Sterling Randolph or the undersigned if you require additional information.

Yours truly,


James H. Arline
Material Coordinator